

**Before the
Public Service Commission of South Carolina**

Docket No. 2011-4-G

**Annual Review of Purchased Gas Adjustment and Gas Purchasing Policies
of
Piedmont Natural Gas Company, Inc.**

**Settlement Testimony
of
William C. Williams**

**On Behalf Of
Piedmont Natural Gas Company, Inc.**



July 1, 2011

1 **Q. Mr. Williams, please state your name, business address, and**
2 **occupation.**

3 A. My name is William C. Williams. My business address is 4720 Piedmont
4 Row Drive, Charlotte, North Carolina. I am the Vice President, Sales &
5 Delivery Services for Piedmont Natural Gas Company ("Piedmont" or the
6 "Company").

7 **Q. Are you the same William C. Williams who prefled direct testimony in**
8 **this docket on June 10, 2011?**

9 A. Yes, I am.

10 **Q. Mr. Williams, have you previously testified before this Commission or**
11 **any other regulatory authority?**

12 A. Yes, I have previously testified before this Commission and other regulatory
13 authorities on a number of occasions.

14 **Q. What is the purpose of your settlement testimony in this proceeding?**

15 A. I will discuss and offer testimony in support of the Settlement Agreement
16 reached by the parties of record ("Parties") in the Annual Review of
17 Purchased Gas Adjustment and Gas Purchasing Policies of Piedmont.

18 **Q. Please describe the Settlement Agreement reached by the Parties and**
19 **filed with the Commission on July 1, 2011.**

20 A. The Settlement Agreement affirms the Parties concurrence that:

21 1) Piedmont's gas purchasing policies and practices during the Review
22 Period were reasonable and prudent;

1 2) Piedmont properly adhered to the gas cost recovery provisions of its gas
2 tariff and relevant Commission Orders during the Review Period;

3 3) Piedmont managed its hedging program during the Review Period in a
4 reasonable and prudent manner consistent with Commission Orders;

5 4) The end-of-period balances for Piedmont's hedging and deferred gas
6 cost accounts are those reflected in the testimony of the Office of
7 Regulatory Staff ("ORS") witness Daniel F. Sullivan; and

8 5) The minimum volume of natural gas that is required to be hedged by
9 Piedmont under its Commission approved natural gas hedging plan should
10 be reduced from 22.5% of its normalized annual sales volumes to 0% of
11 such volumes.

12 **Q. Is it the opinion of Piedmont that the Commission's approval of the**
13 **Settlement Agreement is in the interest of Piedmont and the public**
14 **interest?**

15 A. Yes. Following extensive review, examination, and discussions between
16 Piedmont and the ORS, both Parties agreed to each of the matters stipulated
17 above. The Settlement is offered by all Parties as a fair, reasonable and full
18 resolution of all issues in this proceeding as signified by all parties being
19 signatories to the Settlement Agreement.

20 **Q. What is the significance of the change in the minimum amount that**
21 **Piedmont is required to hedge under its natural gas hedging program?**

22 A. Currently, Piedmont's Commission approved hedging program requires it to
23 hedge, at a minimum, at least 22.5% of its normalized annual gas sales

1 volumes. This is not the case for SCE&G, which has the discretion under its
2 hedging plan not to engage in hedging transactions. Under the Settlement
3 Agreement, if accepted and approved by the Commission, Piedmont's
4 minimum required hedging volumes would be reduced to zero. This change
5 will enhance consistency with respect to the parameters under which
6 SCE&G and Piedmont conduct hedging on behalf of South Carolina natural
7 gas consumers. Upon approval of the Settlement Agreement by the
8 Commission, Piedmont will file proposed modifications to implement the
9 lower limit on hedging.

10 **Q. What is your recommendation to the Commission with respect to the**
11 **Settlement Agreement?**

12 A. Piedmont recommends that the Commission approve the Settlement
13 Agreement filed in this proceeding.

14 **Q. Does this conclude your testimony?**

15 A. Yes it does.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the attached document is being served this date via email and UPS Overnight (5 copies) upon:

Nanette S. Edwards
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Suite 900
Columbia, South Carolina 29201
nsedwar@regstaff.sc.gov

And that a copy of the attached document is being served this date via email and U.S. Mail upon:

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This the 1st day of July, 2011.

s/ James H. Jeffries IV
James H. Jeffries IV